Per Diem, Travel And Transportation Allowance Committee

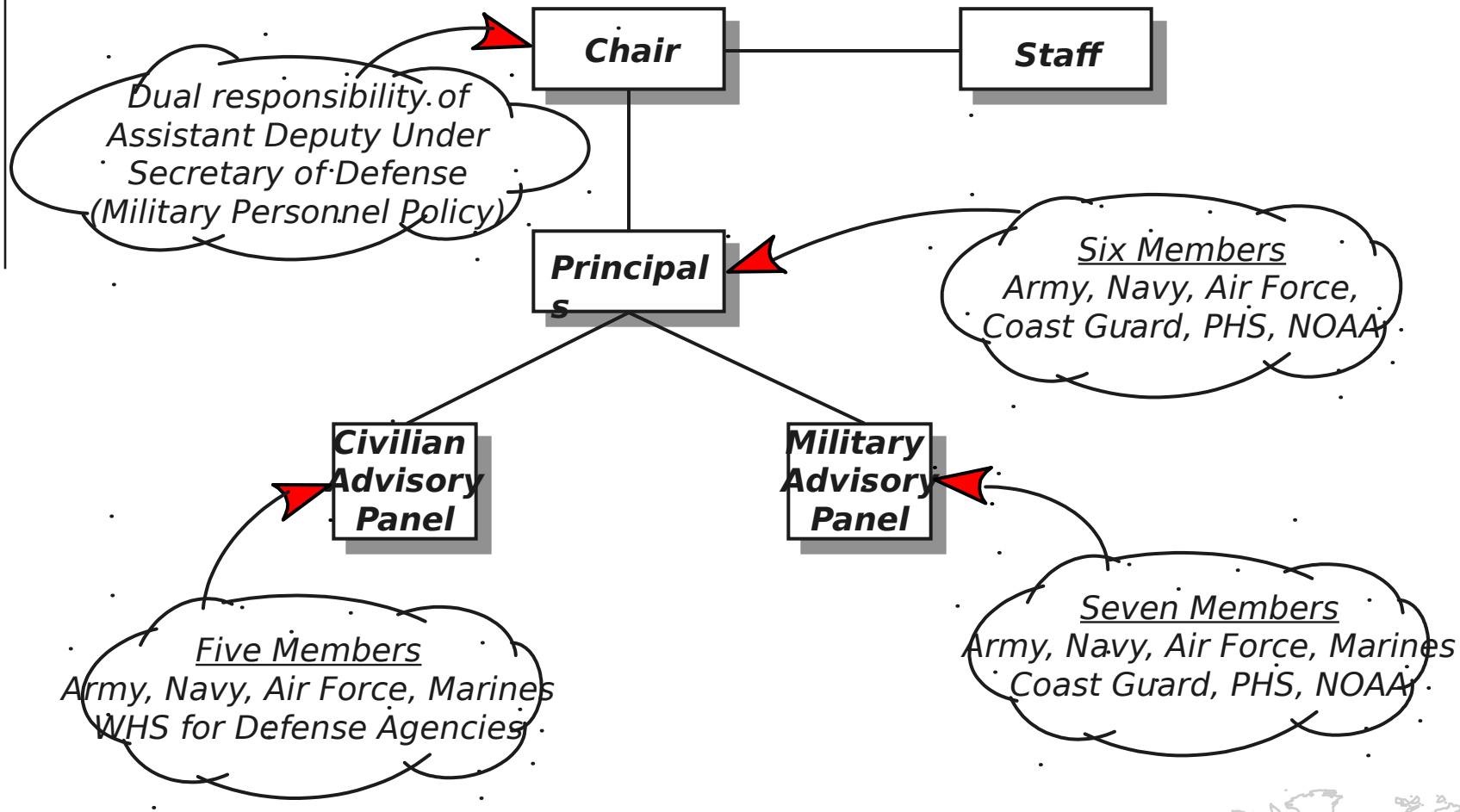
History and Mission

- *Formed in May 1950 as the way the "Secretaries concerned" exercise their collective authority to prescribe travel and transportation allowances for all Uniformed Services per Chapter 7 of Title 37*

- *Responsibility for issuing uniform regulations for DoD civilian employees added in June 196 (Statutory regulation is the Federal Travel Regulation issued by GSA per Title 5)*

- *Current authorities and responsibilities are prescribed in the Committee Charter approved 20 APR 88 and DODD 5154.29 dated 9 MAR 93*

Committee Structure



Overseas

Cost of Living

Allowance

Debunking COLA

Table 4611. Armed Forces: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2003-2005 — Continued

Item	All consumer units	Armed Forces Reference Person and/or Spouse	Complete Reporter Age 30 to 40 Family of two or more	Complete Reporter Age 30 to 40 Family of two or more renter only
Cookies*	46.82	49.25	54.99	48.59
Crackers*	26.90	29.57	31.88	21.46
Frozen and refrigerated bakery products*	25.10	35.75	32.83	27.29
Other bakery products*	116.44	140.16	151.08	120.92
Biscuits and rolls*	40.20	43.81	48.94	38.38
Cakes and cupcakes*	36.33	52.76	54.64	43.56
Bread and cracker products*	3.88	6.78	4.27	3.50
Sweetrolls, coffee cakes, doughnuts*	23.88	18.46	29.35	23.83
Pies, tarts, turnovers*	12.38	18.36	13.67	11.66
Meats, poultry, fish, and eggs*	622.71	904.41	989.96	940.44
Beef*	246.13	292.72	289.14	296.34
Ground beef*	91.75	101.26	120.41	112.23
Roast*	39.59	23.21	51.34	45.10
Chuck roast*	11.55	7.23	16.68	12.01
Round roast*	8.95	3.10	10.28	8.65
Other roast*	19.08	12.89	24.37	24.44
Steak*	94.21	144.33	104.55	87.88
Rib*	15.18	22.40	17.74	17.22
[illegible]	29.69	41.35	33.39	25.43
[illegible]	49.34	80.58	53.41	45.23

Income $X Means $Y for Purchases

Identical Contents

K DIE AVEL A TRANSPORTATION ALLOWANCE COMMITTEE

What is COLA

- *An allowance designed to provide **economic parity** between members in CONUS and members in an overseas area*
- *Reflects aggregate behavior*
- *Payments based on American family spending patterns and levels*

Program Design

How much is "normal spending"

What kinds of items are included in COLA

How do we make this work worldwide

What is the impact of provided facilities Commissary, PX, Auto

What about foreign currency effects

What specific items should we measure

How do we get consistent data from year to year

Program Design

How much money do military families in CONUS spend on COLA measured

How does that amount vary by income level and family size?

Consumer Expenditure Survey

Survey data updated each year

COLA Data updated effective 1 October each year

Table 4611. Armed Forces: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2003-2005 — Continued

Item	All consumer units	Armed Forces Reference Person and/or Spouse	Complete Reporter Age 30 to 40 Family of two or more	Complete Reporter Age 30 to 40 Family of two or more renter only
Cookies*	46.82	49.25	54.99	48.59
Crackers*	26.90	29.57	31.88	21.46
Frozen and refrigerated bakery products*	25.10	35.75	32.83	27.29
Other bakery products*	116.44	140.18	151.06	120.92
Biscuits and rolls*	40.20	43.81	48.94	38.36
Cakes and cupcakes*	36.33	52.76	54.84	43.56
Bread and cracker products*	3.88	6.78	4.27	3.50
Sweetrolls, coffee cakes, doughnuts*	23.88	18.46	29.35	23.63
Pies, tarts, turnovers*	12.36	18.36	13.67	11.66
Meats, poultry, fish, and eggs*	822.71	904.41	989.96	940.44
Beef*	246.13	292.72	299.14	266.34
Ground beef*	91.75	101.26	120.41	112.23
Roast*	39.59	23.21	51.34	45.10
Chuck roast*	11.55	7.23	16.68	12.01
Round roast*	6.95	3.10	10.28	8.65
Other roast*	19.08	12.89	24.37	24.44
Steak*	94.21	144.33	104.55	87.88
Round steak*	15.18	22.40	17.74	17.22
Sirloin steak*	29.69	41.35	33.39	25.43
Other steak*	49.34	80.58	53.41	45.23

CATEGORIES AND WEIGHTS

Category	Example	2006 Weight	2007 Weight
Food at Home	Beef	13.8	12.1
Food Away	Dinner	11.6	10.7
Clothing	Woman's Skirt	7.4	7.9
Personal Care	Man's Haircut	3.8	3.7
Tobacco, Alcohol	Beer	3.2	2.8
Miscellaneous	Auto Purchase	10.7	13.5
Medical	Pain Reliever	3.2	2.6
Household Help	Daycare	2.9	3.6
Household Furnishings	Washing Machine	11.5	12.1
Recreation	Bicycle	10.6	9.6
Transportation	Auto Insurance	18.1	18.3
Telephone	Local Telephone	3.2	2.9

FY 08 Spending By Income Level

Annual Compensation	Number of Dependents (Excluding Self)					
	0	1	2	3	4	=or >5
139,000 and Over	43,500	49,000	54,400	57,100	62,600	65,300
132,000 - 138,999	41,400	46,600	51,800	54,400	59,600	62,200
125,000 - 131,999	40,000	45,000	50,000	52,500	57,500	60,000
118,000 - 124,999	38,500	43,400	48,200	50,600	55,400	57,800
112,000 - 117,999	37,100	41,800	46,400	48,700	53,400	55,700
106,000 - 111,999	35,800	40,300	44,800	47,000	51,500	53,700
100,000 - 105,999	34,400	38,800	43,100	45,200	49,500	51,700
95,000 - 99,999	33,200	37,300	41,500	43,600	47,700	49,800
90,000 - 94,999	32,000	36,000	40,000	42,000	46,000	48,000
85,000 - 89,999	30,800	34,500	38,500	40,500	44,300	46,200
80,000 - 84,999	29,600	33,300	37,000	38,900	42,600	44,400
75,000 - 79,999	28,400	31,900	35,500	37,200	40,800	42,600
71,000 - 74,999	27,300	30,700	34,100	35,800	39,200	40,900
67,000 - 70,999	26,200	29,500	32,800	34,400	37,700	39,400
63,000 - 66,999	25,200	28,400	31,500	33,100	36,200	37,800
59,000 - 62,999	24,200	27,200	30,200	31,700	34,700	36,200
55,000 - 58,999	23,100	26,000	28,900	30,300	33,200	34,700
51,000 - 54,999	22,000	24,800	27,600	29,000	31,700	33,100
48,000 - 50,999	21,100	23,700	26,400	27,700	30,300	31,600
45,000 - 47,999	20,300	22,800	25,300	26,600	29,200	30,400
42,000 - 44,999	19,500	21,900	24,300	25,500	28,000	29,200
41,999 and Below	18,600	20,900	23,300	24,400	26,800	27,900

Program Design

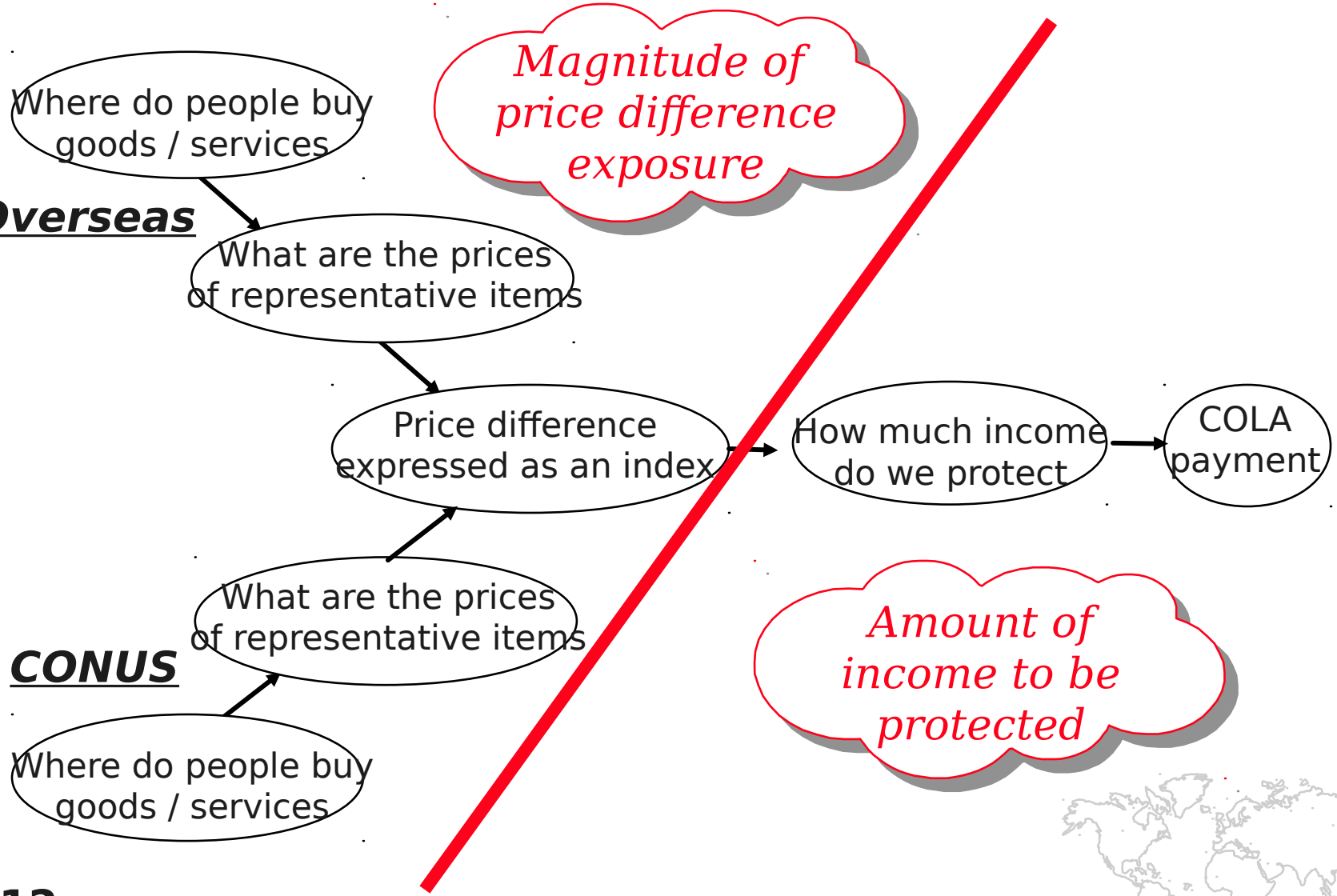
Annual Compensation
Provided by OSD Compensation
Updated 1 January each year

COST-OF-LIVING ALLOWANCES
ANNUAL COMPENSATION (MEMBERS WITH DEPENDENTS*)
EFFECTIVE 1 JANUARY 2008; PDTATAC VERSION (Received 4 December 2007)

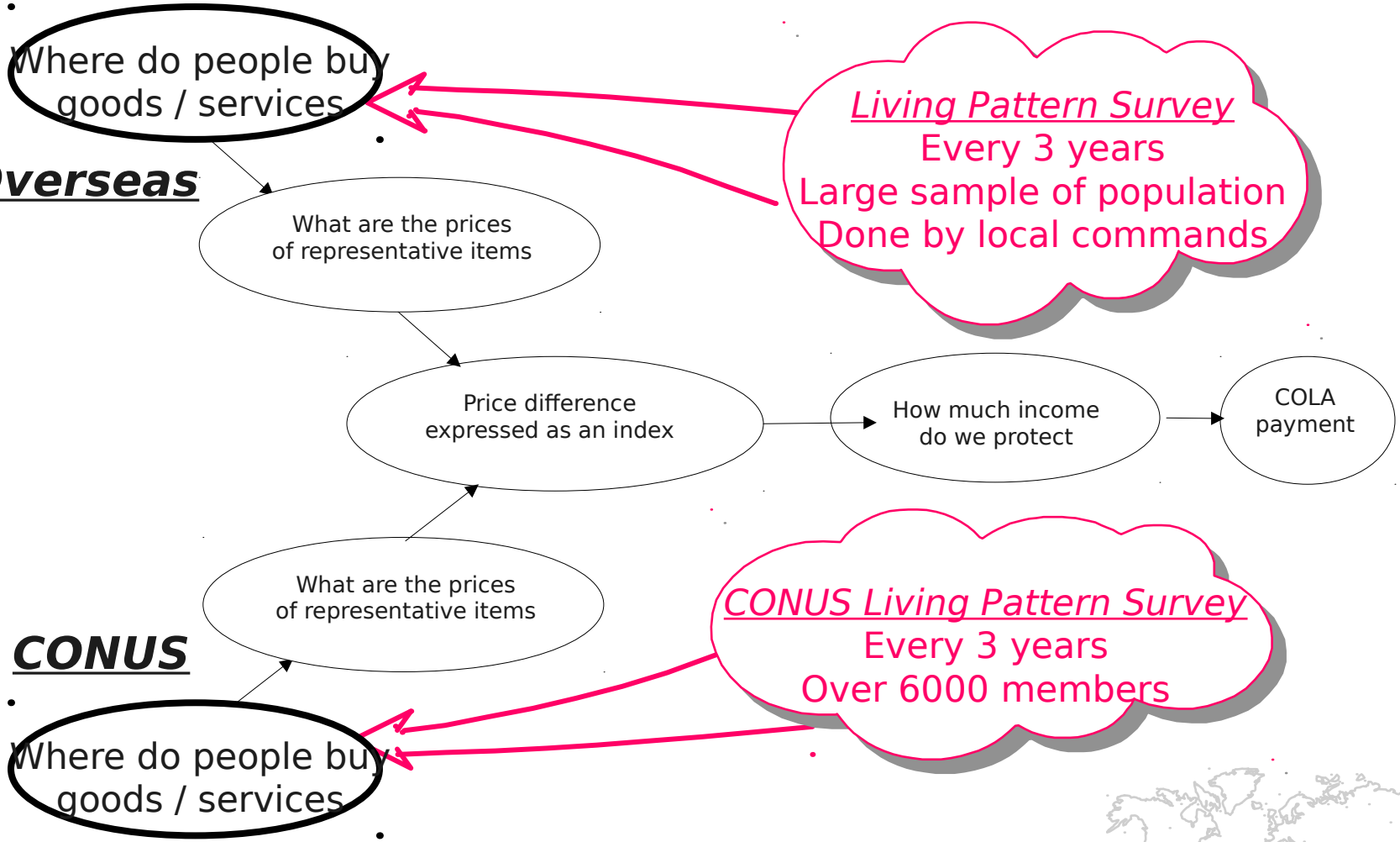
	YEARS OF SERVICE																					
GRADE	< 2 YRS.	2	3	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
O-10	0	0	0	0	0	0	0	0	0	0	0	211697	211697	211697	211697	211697	211697	211697	211697	211697	211697	211697
O-9	0	0	0	0	0	0	0	0	0	0	0	191741	193964	197182	202585	202585	210839	210839	211807	211807	211807	211697
O-8	146995	150369	152855	153208	156140	161084	162259	166946	168202	172349	178211	183822	187233	187233	187233	187233	190087	190087	194834	194834	194834	194834
O-7	128815	133237	135113	136808	139299	141967	145049	148123	151208	161084	165608	169808	169808	169808	170279	170279	172042	172042	172042	172042	172042	172042
O-6	100606	107827	113111	113111	113487	117130	117615	117615	122748	131527	136225	140020	143591	146208	151547	151547	153790	153790	153790	153790	153790	153790
O-5	87044	94378	99148	100041	103011	104794	108703	111571	115278	120961	125848	128820	129137	129137	129137	129137	129137	129137	129137	129137	129137	129137
O-4	76336	83685	87254	88057	91577	95628	100671	104804	107334	108901	109810	109810	109810	109810	109810	109810	109810	109810	109810	109810	109810	109810
O-3	66872	72341	76020	80634	83144	86014	87671	91048	92843	92843	92843	92843	92843	92843	92843	92843	92843	92843	92843	92843	92843	92843
O-2	57369	62588	68716	70282	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265	71265
O-1	50503	51825	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881	58881
O-3 E	0	0	0	81819	84429	87208	89156	92504	95417	97090	99368	99368	99368	99368	99368	99368	99368	99368	99368	99368	99368	99368
O-2 E	0	0	0	73657	74540	78099	78727	80757	82289	82289	82289	82289	82289	82289	82289	82289	82289	82289	82289	82289	82289	82289
O-1 E	0	0	0	62678	65442	68961	68520	70050	72145	72145	72145	72145	72145	72145	72145	72145	72145	72145	72145	72145	72145	72145
W-5	0	0	0	0	0	0	0	0	0	0	0	105055	109375	112500	116156	116156	120971	120971	125540	125540	130223	130223
W-4	68684	71868	73171	74456	76687	78852	81068	84403	87323	90116	92891	95204	98000	101932	105396	105396	107142	107142	107142	107142	107142	107142
W-3	64283	65971	67961	68204	69952	73334	76877	78543	80469	82457	86028	88443	89587	91611	93977	93977	93977	93977	93977	93977	93977	93977
W-2	57884	61303	62355	63083	65408	68850	70563	72234	74268	75888	77346	79081	80226	81137	81137	81137	81137	81137	81137	81137	81137	81137
W-1	50600	54008	54934	56874	59172	62535	64028	66110	68162	69775	71258	73065	73065	73065	73065	73065	73065	73065	73065	73065	73065	73065
E-9	0	0	0	0	0	0	79085	80240	81698	83416	85140	87916	90264	93093	97365	97365	101245	101245	105321	105321	109601	109601
E-8	0	0	0	0	0	67958	69809	70964	72325	73808	76490	77848	80159	81440	84801	84801	85771	85771	85771	85771	85771	85771
E-7	53459	56272	57557	59265	60591	62874	64159	66424	68217	69441	70744	71252	72948	73858	77322	77322	77322	77322	77322	77322	77322	77322
E-6	48401	51069	52361	53616	54927	57881	59028	61247	61929	62424	65004	63004	63004	63004	63004	63004	63004	63004	63004	63004	63004	63004
E-5	43408	45268	46562	47850	49855	51959	53671	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884	53884
E-4	40088	41354	42543	43643	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787	44787
E-3	38783	40155	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604	41604
E-2	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096	36096
E-1	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349	35349

family size 4, based on 2008 Green Book

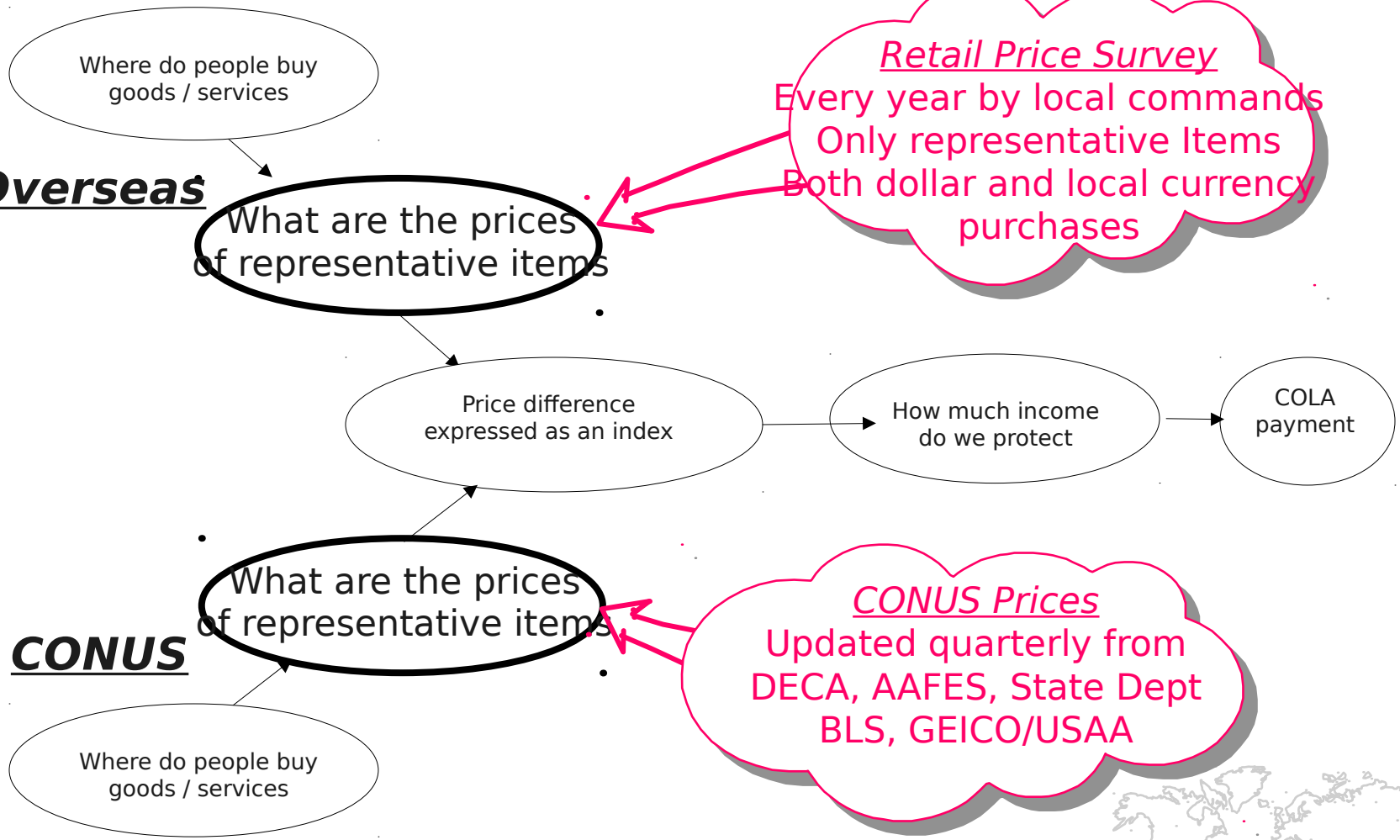
Basic COLA Logic



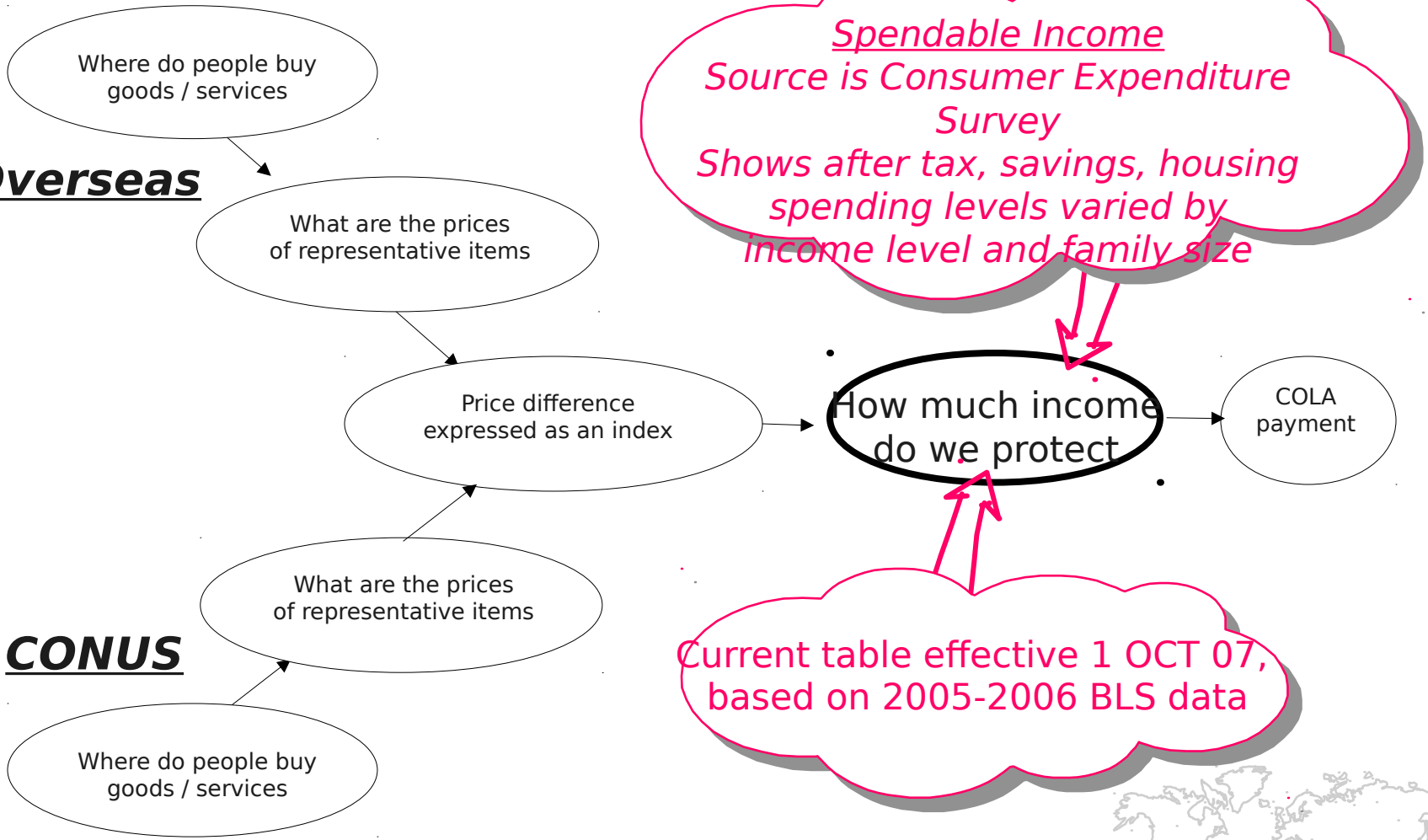
Where Do People Shop



What Are The Prices

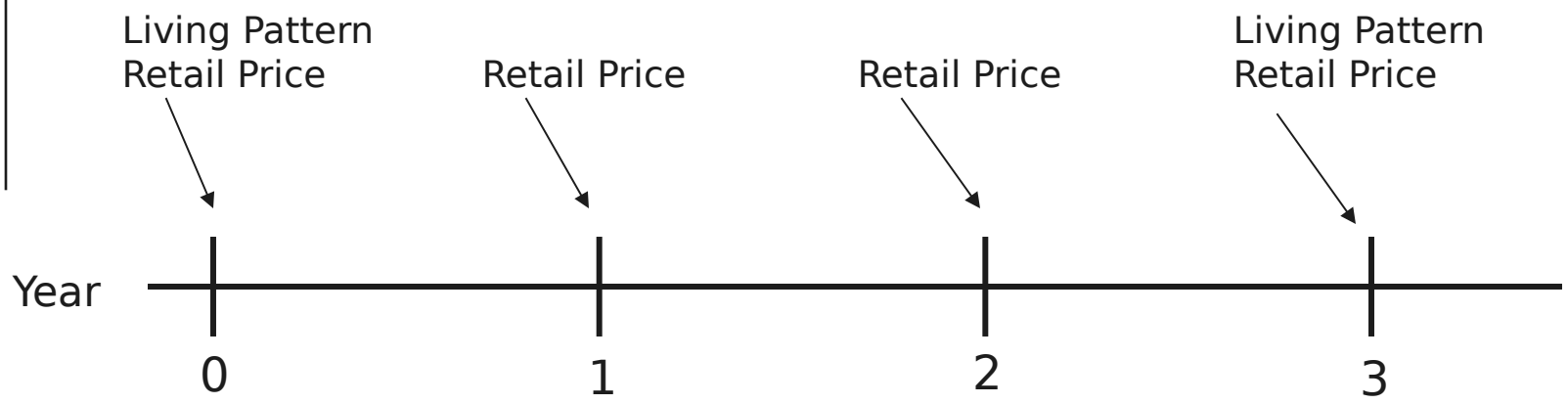


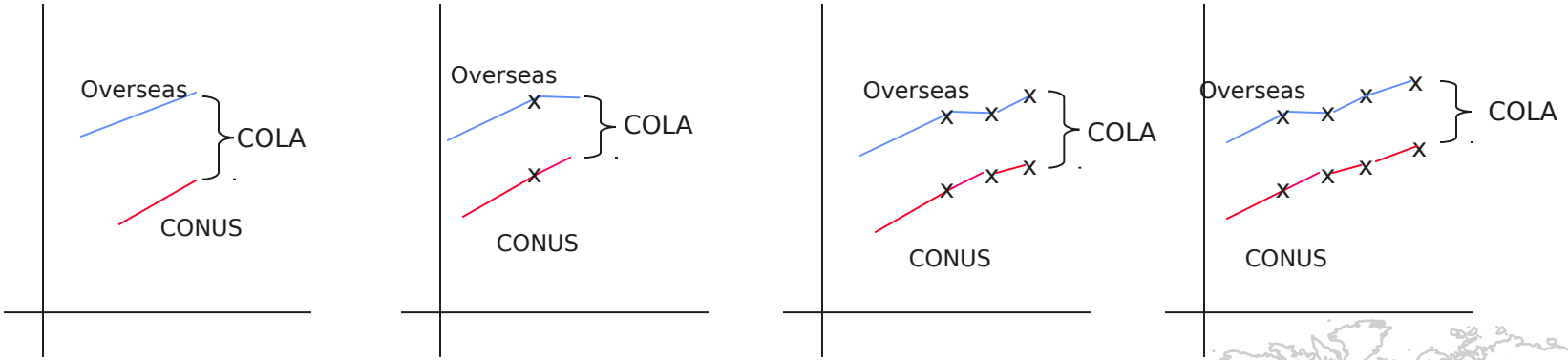
How Much Income Is Protected



COLA Over Time

Economic Parity





COLA and Inflation

Overseas Inflation	Expected Result
Higher than CONUS	COLA ↑
Lower than CONUS	COLA ↓
Same as CONUS	COLA Doesn't Change

Currency Adjustment Logic

What Exchange Rate To Use

Ideal: Load pay systems with each day's exchange rate

Problem: Pay Systems do not have the capability to process daily rates,
will only take 2 rates per month

1st – 15th, determined about 24th prior month, data to DMDC by 27th

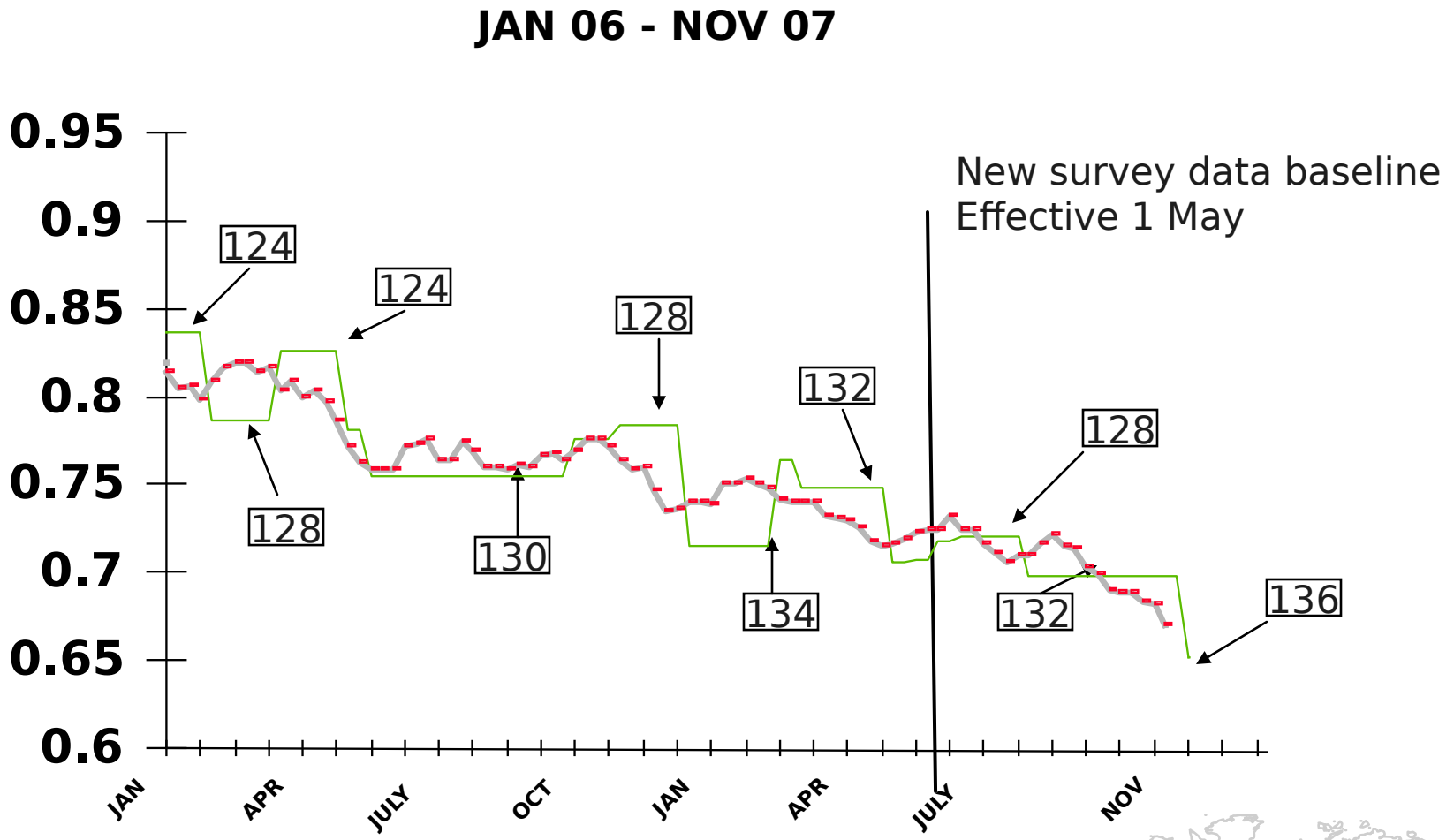
16th-end of month, determined about 9th, data to DMDC by 12th

Solution: Measure difference between the pay system exchange rate and the rate members receive at the finance office or military bank

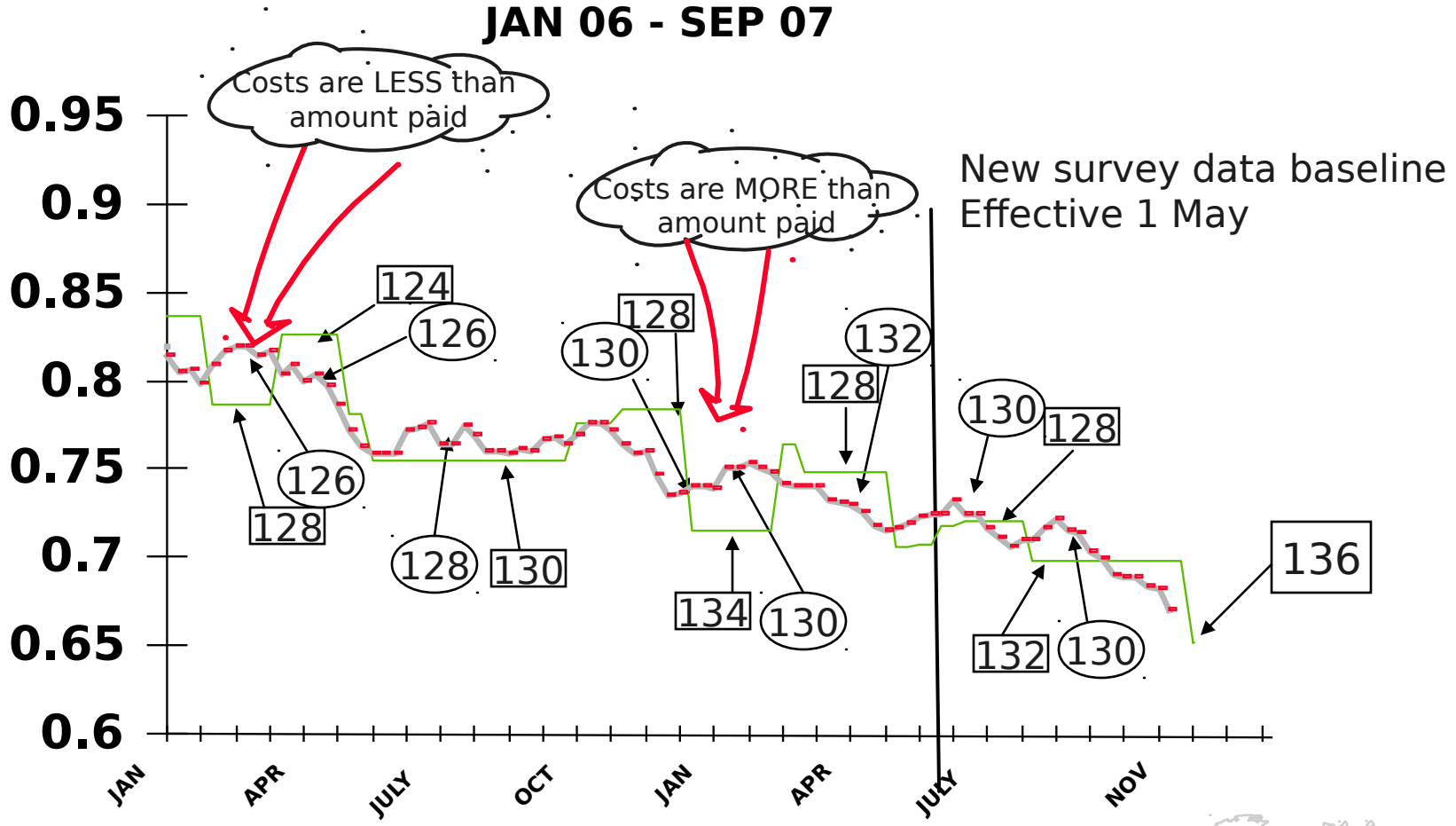
When the difference reaches a decision point, reset the pay system so that over and under payments are balanced out over time

Current decision point is an accumulated 5% difference. A new exchange rate is calculated so that over and under payments are balanced out over an 8 week period

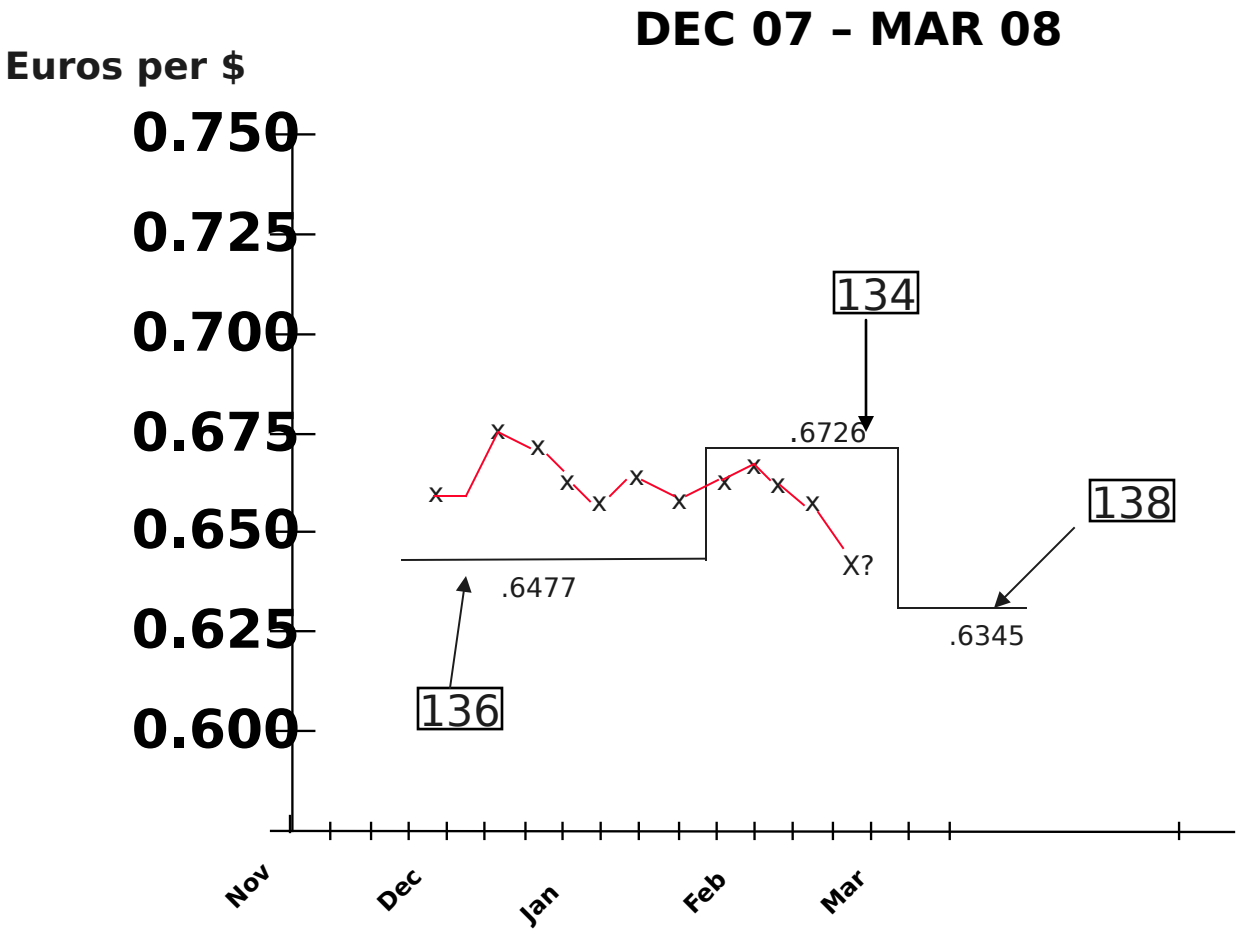
The Euro and The Dollar



The Euro and The Dollar



The Euro and The Dollar



Recap

- COLA is designed to provide economic parity - it does that
- The base is military family spending levels and priorities
- By definition a COLA is determined by the difference in costs – there are no save pay provisions
- COLA complements the assignment process by removing economic disincentive from overseas assignments but is not designed or intended to provide an incentive to serve overseas
- http://perdiem.hqda.pentagon.mil/perdiem

QUESTIONS